

COMMENTS OF THE MONETARY BRANCH:

While this proposal has a certain amount of merit, there are a number of factors which must be considered. Before installing such a procedure, it would appear to be necessary to determine the number of people who would avail themselves of the system, the benefit which would be derived by the traveler and the Agency, and whether or not the procedure would be sufficiently flexible. My first reaction is that the system would be too rigid, since the traveler would have to go to the station to cash them. They certainly would have been of no use to me on the trip which I recently completed. Travelers' Checks are usable anywhere, and would be much more convenient. Allowing employees to claim reimbursement for Travelers' Checks would also be much less expensive than any program based upon the issuance of our own chits.

If the above is accepted as factual, it would appear that the proposed "chit" method would be of benefit only to a limited number of people. Examples would be those who leave Headquarters with insufficient funds, those whose trips are later extended to the point that their funds are exhausted, and to those who are on a round-robin tour, such as a survey or audit trip. There are certainly easier ways of meeting their requirements than establishing the "chit" method.

As one alternative, we might issue a type of credit card to each traveler who thinks he may need one. The face of this card could carry specimen signatures of both the traveler and the authenticating official at Headquarters. The reverse side could carry spaces for recording the date and amount of each advance, the signature of the finance officer making the advance, the amount of foreign currency and exchange rate if appropriate, and the number of the T/A which will be used in transmitting the charge to Headquarters. It is noted that each station could use ONE T/A a month for transmitting all such charges. Such a card could be issued for a given period of time, and we could require that it be turned in with his accounting. They could be numbered to facilitate registration. When the traveler returned, he would then have all the information necessary for preparing his travel voucher, and it would not matter if the T/A from the station arrives three months later. Registration of these cards would be a relatively simple matter, including follow-ups to retrieve those not turned in. On the other hand, keeping track of thousands of chits would be a sizable undertaking.

The administration of the "chit" program, as described in the attached memorandum, could not be handled by the existing staff of the Monetary Branch. The issuance and registration of these chits, their subsequent redemption here, and the accounting and cancellation activities as they are received from the field would entail an extensive accounting set-up. The reconciliation of the account in time to come could be quite a problem.

Probably the greatest disadvantage of the system would be the safekeeping and accountability of those which have never been issued. The "chits" would have to be printed in quantity, and in numerous denominations, to be practical. Since they can be redeemed in cash, they would have to be treated as a cash fund. This would entail balancing daily and counting those on hand in addition to maintaining proper records for those outstanding. This would be the equivalent of keeping perhaps several million dollars on hand.

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It is recommended that this system not be adopted, and that in lieu thereof each traveler be authorized to claim reimbursement for amounts paid as fees for travelers' checks. For those persons going on extended TDYs, it is recommended that a form of credit card be used instead. If the "chit" system IS adopted, it is recommended that they be printed in denominations of \$100 only for use as a reserve fund, and that they NOT be placed into general use as travelers' checks.

TBA

P.S. It is also not unreasonable to expect that if the program is established, these chits may assume the status of cash in the eyes of employees who may, in the future, attempt to endorse them over to each other or trade them among themselves.